



**November 20, 2018**

**Item No. 5**

**RECOMMENDATION TO PURCHASE COVERAGES FOR  
EMPLOYEE HEALTH INSURANCE BENEFITS**

Presenters: Tenelle Barnes, Chief Human Resources Officer  
Scott White, Director of Risk Management

**Recommendation**

The Chief Executive Officer recommends that the Board of Commissioners of the Chicago Housing Authority ("CHA") authorize the award of contracts for CHA's employee health insurance benefits program to the below listed contractors for an aggregate amount not to exceed \$8,760,494 based on the current employee census, for a one-year policy term from January 1, 2019, through December 31, 2019, with three (3) one-year options to renew with each of the carriers for aggregate amounts not to exceed year over year 5% increases, or Option Year 1 (2020): \$9,198,519; Option Year 2 (2021): \$9,676, 842; and Option Year 3 (2022): \$10,199,392.

Coverage	Recommended Insurer	Renewal
Medical	BlueCross BlueShield	\$ 7,923,609
Dental	Guardian	\$ 371,524
Life and AD&D	Guardian	\$ 140,231
Short Term Disability	Guardian	\$ 123,395
Long Term Care	Unum	\$ 68,400
Long Term Disability	Guardian	\$ 65,878
Vision	Davis Vision	\$ 48,441
Flex Spending	AmeriFlex	\$ 15,648
Retiree Life	Guardian	\$ 3,368
Calculated Premium		<u><u>\$ 8,760,494</u></u>

The requested action complies in all material respects with all applicable federal, state and local laws, and Chicago Housing Authority board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

**Funding:**

Administration / Human Resources Division Budget / General Fund

**Background:**

- BCBS's Medical and RX 2019 renewal was initially presented with a 5.4% increase, which through Chicago Housing Authority ("CHA") and Broker negotiations was reduced to 3.4%
- Significantly high medical claim payments were made in the current policy period (\$1.9m), which drove up costs
- CHA's Medical Loss Ratio is 94%, which is above industry trend primarily due to demographics and claim utilization
- Industry is trending at 6-8% premium increases annually, taking into consideration 2019 renewal increasing by 3.4% and the 1% decreased for 2018 renewal, CHA will experience an overall 2.4% increase over this 2-year period
- All seven lines of ancillary coverages received a rate pass (no rate change) for 2019 renewal, except for Short Term Disability (STD) which increased 1.9% due to plan design enhancements.

**Procurement Process**

- HUD granted the CHA a waiver allowing us to utilize a commercial insurance broker for procurement of all insurance
- Mesirow Financial is the CHA's broker of record for all Employee Benefit purchases
- Section 3 does not apply to 'supply and delivery' contracts
- Actual premium is based on the employee census / participants in the plan; the rate for each participant will remain constant for the policy period

Respectfully Submitted:

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**Tenelle Barnes**  
**Chief Human Resources Officer**

## **RESOLUTION NO. 2018-CHA-**

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 20, 2018, entitled "Recommendation to Purchase Coverages for Employee Health Insurance Benefits

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to authorize the award of contracts for the Chicago Housing Authority's employee health insurance benefits to the below listed contractors for an amount not to exceed \$8,760,494 based on the current employee census, for a one-year policy term from January 1, 2019, through December 31, 2019, and (3) one-year option periods to renew with each of the carriers for aggregate amounts not to exceed year over year 5% increases, or Option Year 1 (2020): \$9,198,519; Option Year 2 (2021): \$9,676, 842; and Option Year 3 (2022): \$10,199,392.

This award is not subject to the insurer's compliance with the CHA's MBE/WBE/DBE/ Section 3 hiring and insurance requirements.

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Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority